



OFFICE OF THE COMPTROLLER
CITY OF ST. LOUIS



FILE COPY

DARLENE GREEN
Comptroller

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DR. KENNETH M. STONE, CPA
Internal Audit Executive

October 12, 2009

Bonnie Reese, Executive Director
St. Louis Transitional Hope House
1611 Hodiamont
St. Louis, MO 63112

RE: Supportive Housing Program (SHP) (Project #2009-HOM17)

Dear Ms. Reese:

Enclosed is a report of our fiscal monitoring review of the St. Louis Transitional Hope House, a not-for-profit organization, Supportive Housing Program for the period October 1, 2008 through January 31, 2009. The scope of a fiscal monitoring review is less than an audit, and as such, we do not express an opinion on the financial operations of St. Louis Transitional Hope House. The fieldwork was completed on April 6, 2009.

This review was made under authorization contained in Section 2, Article XV of the Charter, City of St. Louis, as revised and has been conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing* and through an agreement with the City of St. Louis, Department of Human Services (DHS) to provide fiscal monitoring to all federal grant sub-recipients.

If you have any questions, please contact the Internal Audit Section at (314) 622-4723.

Sincerely,

Dr. Kenneth M. Stone, CPA
Internal Audit Executive

Enclosure

cc: Patrick Brennan, Fiscal Manager, DHS
Antoinette Triplett, Manager II – Homeless Services, DHS



CITY OF ST. LOUIS CITY OF ST. LOUIS

**DEPARTMENT OF HUMAN SERVICES (DHS)
SUPPORTIVE HOUSING PROGRAM (SHP)**

**ST. LOUIS TRANSITIONAL HOPE HOUSE
DOCUMENT #58233
CFDA #14.235**

FISCAL MONITORING REVIEW

OCTOBER 1, 2008 THROUGH JANUARY 31, 2009

PROJECT #2009-HOM17

DATE ISSUED: OCTOBER 12, 2009

**Prepared by:
The Internal Audit Section**



OFFICE OF THE COMPTROLLER OFFICE OF THE COMPTROLLER

HONORABLE DARLENE GREEN, COMPTROLLER

**CITY OF ST. LOUIS
DEPARTMENT OF HUMAN SERVICES (DHS)
SUPPORTIVE HOUSING PROGRAM (SHP)
ST. LOUIS TRANSITIONAL HOPE HOUSE
FISCAL MONITORING REVIEW
OCTOBER 1, 2008 THROUGH JANUARY 31, 2009**

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INTRODUCTION

Background

Contract Name: St. Louis Transitional Hope House

Document Number: 58233

CFDA Number: 14.235

Contract Period: October 1, 2008 through September 31, 2009

Contract Amount: \$748,415

The contract provided Supportive Housing Program (SHP) funds to St. Louis Transitional Hope House (Agency) for assistance in providing supportive housing and supportive services to assist homeless persons in the transition from homelessness to independency and permanent housing.

Purpose

The purpose of the review was to determine the Agency's compliance with federal, state and local SHP requirements for the period October 1, 2008 through January 31, 2009, and make recommendations for improvements as necessary.

Scope and Methodology

Inquiries were made regarding the Agency's internal controls relating to the grants administered by Department of Human Services (DHS). Evidence was tested supporting the reports the Agency submitted to DHS and other procedures were performed as considered necessary. The fieldwork was completed on April 6, 2009.

Exit Conference

The Agency declined the opportunity for an exit conference.

Management's Responses

The management's response to the observation and recommendation identified in the draft report was received from the Agency on October 5, 2009. The response has been incorporated into this report.

SUMMARY OF OBSERVATIONS

Conclusion

The Agency did not fully comply with federal, state and local DHS requirements.

Status of Prior Observations

The Agency's previous fiscal monitoring report, Project #2008-HOM20 issued August 7, 2008 contained no observations:

A-133 Status

The Agency expended \$500,000 or more in federal funds for the fiscal year ended June 30, 2008; therefore it was required to have a single audit in accordance with OMB Circular A-133.

A-133 report, dated December 1, 2008, rendered an unqualified opinion on internal controls over financial reporting. The auditors also issued an unqualified opinion on the internal controls over major programs. An unqualified opinion was issued on compliance for major programs.

The auditee qualified as a low-risk auditee

Summary of Current Observations

Recommendations have been made for the following observations, which if implemented could assist the Agency in fully complying with federal, state, and local DHS requirements.

- Unallowable payroll expenditures

DETAILED OBSERVATIONS, RECOMMENDATIONS AND MANAGEMENT RESPONSES

Unallowable Payroll Expenditures

The Agency billed for payroll expenditures not provided for in the SHP contract agreement. Specifically, the Agency claimed and received reimbursements for payroll expenditures of \$976.05 for a part-time office assistant in the month of December 2008.

The Personnel Schedule of the contract's Operations Budget (Exhibit 5) did not provide authorization for the part-time office assistant position.

The Agency did not comply with the requirements of the contract's personnel schedule.

Obtaining reimbursement for expenditures that are not provided for in the contract agreement may result in suspension or termination of the federal award.

Recommendation

It is recommended that the Agency:

- Establish a system of internal control to ensure that only those expenditures that are allowed for in the SHP contract agreement are claimed for reimbursement.

Management's Response

We do not agree that the agency was over-reimbursed for payroll expenditures for a part-time office assistant in the Month of December 2008. The part-time office assistant worked to help clear up a backlog accumulated because the agency had been unable to fill the position on a full-time basis until November 19, 2008. There was no lack of management oversight in this matter; very careful consideration was given to how to most appropriately and efficiently perform the needed work within the agency's budget constraints. Since the activity was performed within the contract year (within a few months) it was deemed appropriate to retain the part-time staff to perform office work as long as the budget for such work was not exceeded.

At the present time, the agency is waiting for formal approval of a new budget submitted for its SHP contract MO36B701008; informal approval has been given by HUD. Hope House will realign its eligible expenditures to conform to the new budget. We hope to submit our final billing to Homeless Services during the month of October 2009.

Please feel free to contact me if you have further questions. As always, we look forward to your positive final report of the fiscal monitoring review of St. Louis Transitional Hope House, Inc.

Auditor's Comments

Although the personnel budget was not exceeded, the contract does not include a part-time office assistant position. A budget revision should have been obtained before adding the position.